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March 22, 1993

Our File: 04989/002001

HAND DELIVER

Ms. Donna R. Searcy
Office of the Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

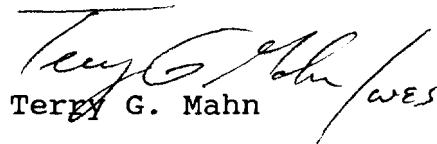
Comments of Multiplex Technology, Inc.
ET Docket No. 93-7

Dear Ms. Searcy:

Enclosed for filing on behalf of Multiplex Technology, Inc. please find an original and nine (9) copies of comments in the above-captioned Notice of Inquiry.

If you have any questions with regard to the enclosed please do not hesitate to contact the undersigned.

Very truly yours,

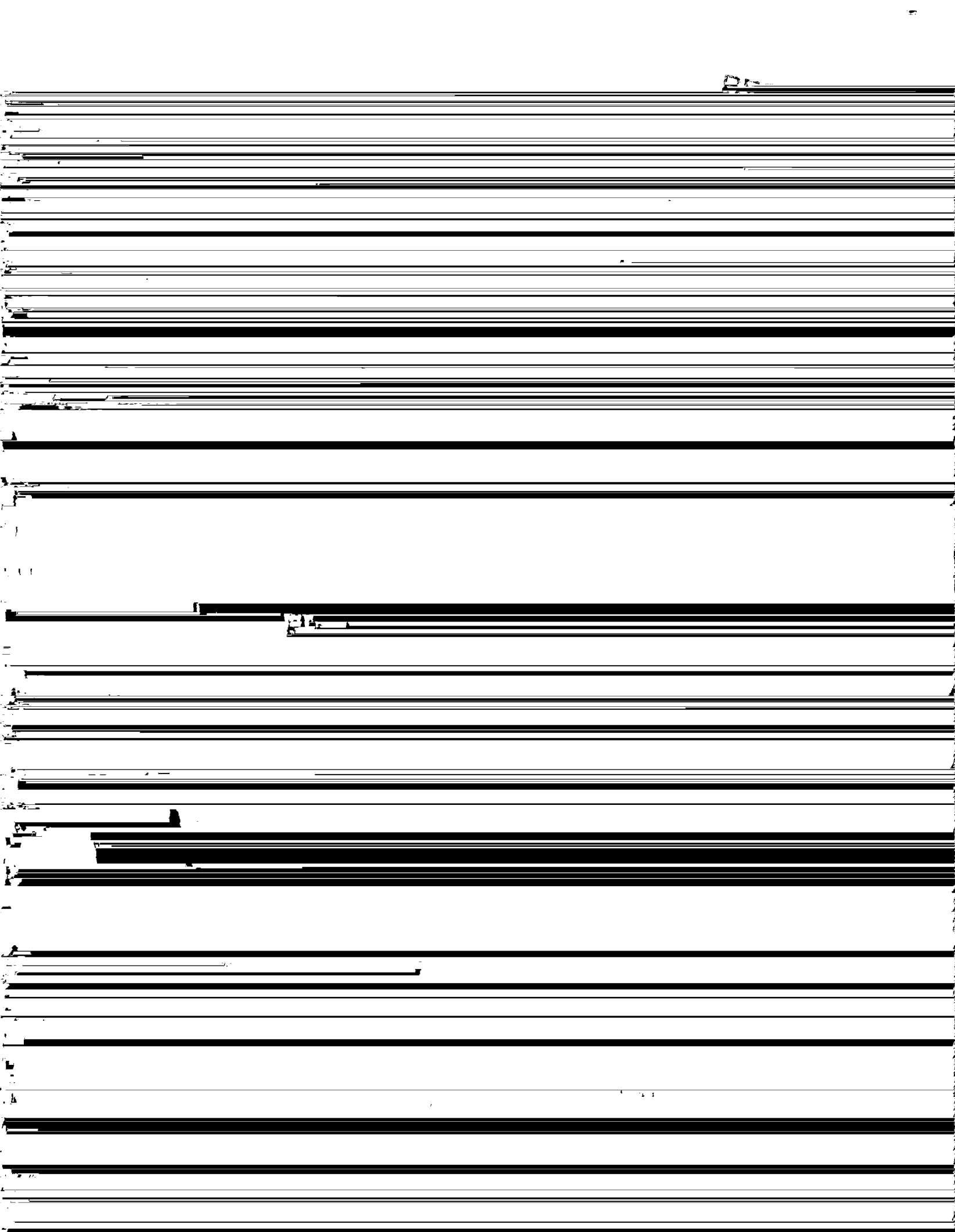

Terry G. Mahn

TGM/bab
Enclosures

cc: Multiplex Technology, Inc.

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Multiplex believes that the legal and technical policies adopted in this NOI are critical to the establishment of an interface that separates monopoly cable services from competitive subscriber equipment.^{2/} Without such an interface, cable operator policies will continue to interfere with a subscriber's right to access and combine multiple video sources of its own choosing and will threaten the viability of companies like Multiplex. For this reason, Multiplex has a significant stake in the outcome of this proceeding.^{3/}

DISCUSSION

Multiplex is a leading manufacturer of residential video distribution products used in cable television and MATV installations. Through the use of Multiplex products, various types of video signals can be "custom-configured" on a single coaxial cable for distribution throughout a residential




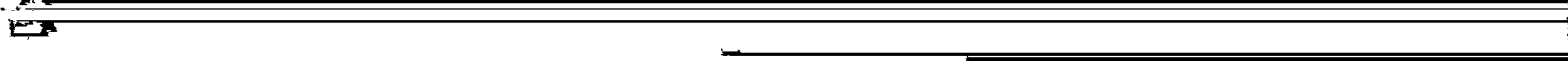





^{2/} See, e.g., Hush-A-Phone Corp. v. U.S., 238 F.2d 266, 269 (D.C. Cir. 1956); Telerent Leasing Corp. et. al., Memorandum Opinion and Order, Docket No. 19808, 29 RR 2d 553, 575 (1974); Use of Carterphone Device in Message Toll Telephone Service, Docket No. 16942, Carter v. American Telephone and Telegraph Co., et al., Docket No. 17073, Decision 12 FCC 2d 422, 1968-2 CB 100, 101 (1968).

environment. Currently, Multiplex is the principal supplier of modulators used in several "smart house" technologies being introduced to the U.S. market. With these Multiplex products, professional installers are able to offer video distribution systems, tailored to individual subscriber demands, that combine and distribute signals from multiple video sources to all TV's in a subscriber's household.

Over the past ten years, Multiplex has witnessed a substantial growth in products that allow consumers to distribute video signals inside their homes. During the past two years alone, Multiplex has seen a 50% growth in its sales, and a 30% growth in industry revenues that are the result of burgeoning consumer demand for increasingly sophisticated video distribution technologies. Currently, Multiplex's products are being installed by over 2,000 independent dealers throughout the U.S. Such growth, Multiplex submits, is reminiscent of the geometric rate that accompanied the opening up of the telephone monopoly to competitive suppliers of telephone equipment. For such growth to continue, however, Commission policies must be adopted to preserve and protect the competitive equipment market.

In its NOI, the Commission states that its primary objective is to ensure that subscribers will be able to enjoy the full benefits and functions of their TV receivers and VCR's when receiving programming from cable systems. NOI at ¶ 1. The

Commission underscores this goal by observing the Congressional findings that (1) various functions and features of today's consumer video equipment are effectively disabled by cable devices, and (2) other video innovations are being stifled by such cable operator practices. NOI at ¶ 2. Accordingly, the Commission has been directed by Congress to develop rules that, inter alia, promote the commercial availability of cable converters and facilitate the delivery of cable channels (that do not require a converter) directly to subscriber equipment. NOI at ¶ 5. To this end, the NOI seeks information on the nature and extent of the "compatibility problem" experienced with cable operator technology and practices. NOI at ¶ 12.



subscriber's television receiver. A remote controller "return" path permits the subscriber to control each video source from any TV location. With a Multiplex system, the subscriber is able to view and control the full complement of its video sources -- cable, VCR, CCTV, etc. -- at any location in the subscriber's household.

Where cable service is provided exclusively through a controller or converter to each set top, however, the subscriber is denied such opportunities. This is because the cable converter acts to "block" all channels that are carried on the subscriber's home wiring by selecting all outputs only to channel 3/4, in effect, prohibiting the subscriber from tuning its television receiver to view other video sources. A cable-compatible hook-up, on the other hand, permits non-cable video sources to be received at each set by tuning directly to the desired frequency.

Multiplex submits that there is no technical reason that cable operators cannot provide basic tier services on a cable-ready basis to each set top in a subscriber's household with premium channels routed through a decoder (for security purposes) without blocking the delivery of other in-home video

⁴/(...continued)
requires that the cable channel first be filtered to make room for the modulated signal.

sources.^{5/} Cable operators can still be assured that their premium services will not be stolen without impinging a subscriber's right to generate, distribute, and view non-cable programming over the subscriber's home wiring. Commission-imposed compatibility rules, therefore, will ensure that subscribers "enjoy full benefits and functions" of their video system.

II. Because Full Compatibility May Be Impossible To Achieve, Subscribers Must Be Given Control Over The Channels That They Want To Be Compatible.

In discussing the compatibility issues raised in this proceeding, the Commission notes what may be the biggest obstacle -- that the number of cable channels available for cable-ready TV receivers varies across different systems. Accordingly, the Commission requests comments on the number of channels that should be capable of being received by cable-ready equipment. NOI at ¶ 13.

Multiplex submits that with some of the newer cable systems now promoting 500 channel offerings, any attempt by the Commission to regulate the number of channels for cable-ready compatibility is doomed to failure. Multiplex believes that a

^{5/} No longer would it be necessary for cable companies to supply more than one converter per household. A single decoder at the subscriber tap would descramble the premium channel for distribution, along with all other video sources, to all TV receivers in the subscriber's household.

preferred approach would be for the Commission to recognize, through regulation, that cable subscribers must be given the unfettered right to determine the number, kind and ultimate configuration of channels that they want to have delivered to their television receivers. Such an approach would provide subscribers with the greatest possible latitude in their equipment selections (including cable converters) and video sources. Subscribers could then decide for themselves, rather than dictated by their cable operators, which basic tier services they wish to view and which ones they wish to eliminate in favor of non-cable video sources.

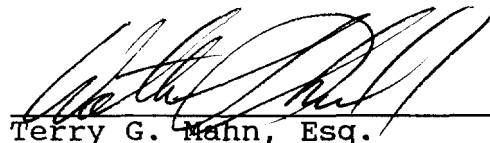
CONCLUSION

The foregoing comments considered, Multiplex requests that the Commission propose rules that mandate cable/equipment compatibility standards which permit subscribers to control the delivery of both cable and non-cable video sources throughout their residences.

March 22, 1993

Respectfully submitted,

MULTIPLEX TECHNOLOGY, INC.

A handwritten signature in black ink, appearing to read "Terry G. Mann", is written over a horizontal line.

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